

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 NEA-11 IO-13 ISO-00 JUSE-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03
H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00
ICA-11 SP-02 SOE-02 OMB-01 DOE-15 /147 W
-----009738 031931Z /46

P 031810Z MAY 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 6380
INFO ALL EC CAPITALS
AMEMBASSY MADRID
AMEMBASSY NEW DELHI
AMEMBASSY PRAGUE
AMEMBASSY SEOUL
AMEMBASSY WARSAW
AMCONSUL HONG KONG
USMISSION GENEVA

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USEEC, PARIS ALSO FOR USOECD

E.O. 11652: N/A
TAGS: EEC, SP, KS, PL, IN, CZ, HK, ETRD
SUBJ: EC FOREIGN MINISTERS COUNCIL, MAY 2, 1978: FOOTWEAR
IMPORTS

REFS: BRUSSELS 7793

1. SUMMARY: THE MAY 2 EC FOREIGN MINISTERS COUNCIL
CONSIDERED TWO ISSUES IN THE FOOTWEAR IMPORTS SECTOR:
AN IRISH REQUEST FOR THE INTRODUCTION OF QUANTITATIVE
RESTRICTIONS ON LEATHER SHOE IMPORTS FROM POLAND AND
A GERMAN REQUEST FOR TERMINATION OF THE COMMUNITY'S PRIOR
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SURVEILLANCE SYSTEM FOR FOOTWEAR IMPORTS. END SUMMARY.

2. IRISH IMPORTS:

IN A BACKGROUND BRIEFING FOR REPORTERS, IRISH MINISTER OF
STATE FOR INDUSTRY, COMMERCE, AND ENERGY RAY BURKE POINTED
OUT THE GOI'S STRONG CONCERN OVER THE CONTINUED EROSION

OF THE IRISH HOME-BASED FOOTWEAR MARKET OVER THE PAST FEW MONTHS, DUE TO A RAPID INCREASE IN THE LEVEL OF LEATHER SHOE IMPORTS FROM POLAND. BURKE POINTED OUT THAT THE IRISH HAD ASKED THE EC COMMISSION LAST DECEMBER TO INTRODUCE QUANTITATIVE RESTRICTIONS ON SUCH IMPORTS, BUT HAD BEEN TURNED DOWN. HE SAID THE IRISH DECISION TO SEEK COUNCIL ACTION WAS BASED UPON DISTURBING IMPORT TRENDS: 37,000 PAIRS OF LEATHER SHOES WERE IMPORTED FROM POLAND DURING THE FIRST QUARTER OF 1978, COMPARED TO 50,500 PAIRS FOR ALL OF 1977, AND IMPORT PENETRATION OF THE IRISH FOOTWEAR MARKET IS NOW AT 79 PERCENT, COMPARED TO 48 PERCENT IN 1973. HE ALSO NOTED THAT THE U.S. AND CANADA HAVE RECENTLY IMPOSED THEIR OWN RESTRICTIONS ON FOOTWEAR IMPORTS, POSING THE DANGER OF DIVERSIONS FROM THEIR MARKETS TO IRELAND. FINALLY, BURKE NOTED THAT THE IRISH FOOTWEAR INDUSTRY, WHICH HAD EMPLOYED 5,000 PERSONS IN THE PAST, IS NOW DOWN TO A STRENGTH OF 3,700, ALTHOUGH HE ACKNOWLEDGED THAT THIS FIGURE IS ON THE INCREASE, DUE TO INDUSTRIAL RESTRUCTURING. BURKE TOLD REPORTERS IRELAND WOULD LIKE TO ESTABLISH A FOOTWEAR IMPORT LEVEL FROM POLAND OF ABOUT 30,000 TO 40,000 PAIRS ANNUALLY, WHICH, HE SAID, WOULD REPRESENT THE AVERAGE FOR THE PAST THREE YEARS.

3. ACCORDING TO COMMISSION AND PERMREP SPOKESMEN, COMMISSION VICE PRESIDENT HAFERKAMP TOLD THE COUNCIL THAT LIMITED OFFICIAL USE

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THE FOOTWEAR IMPORT PROBLEM DOES NOT CONCERN IRELAND ALONE, BUT AFFECTS THE COMMUNITY IN GENERAL. OUR SOURCES SAY HAFERKAMP INFORMED THE COUNCIL THAT THE COMMISSION HAS OPENED TALKS AIMED AT VOLUNTARY RESTRAINT AGREEMENTS WITH POLAND, SOUTH KOREA, AND HONG KONG AND WOULD ALSO LOOK INTO THE POSSIBILITY OF SUCH ARRANGEMENTS WITH INDIA, SPAIN, AND CZECHOSLOVAKIA. THE COUNCIL AGREED THAT THE COMMISSION SHOULD PURSUE THESE TALKS, PARTICULARLY WITH RESPECT TO POLAND, AND THAT, IF THE TALKS ARE NOT SUCCESSFUL, THE COMMUNITY SHOULD INTRODUCE QUANTITATIVE RESTRICTIONS. ACCORDING TO A COMMISSION SPOKESMAN, THE GERMANS, IN AGREEING TO THIS COURSE OF ACTION, INSISTED THAT ANY COMMUNITY RESTRICTIONS SHOULD BE ON A PROVISIONAL BASIS.

4. IMPORT SURVEILLANCE:

GERMAN ECONOMICS MINISTER LAMBSDORFF OPENED THE SECOND PART OF COUNCIL DEBATE ON FOOTWEAR BY SUBMITTING AN FRG REQUEST FOR TERMINATION OF THE COMMUNITY'S PRIOR SURVEILLANCE SYSTEM FOR FOOTWEAR IMPORTS, WHICH CAME INTO EFFECT MAY 1 (REFTEL). ACCORDING TO COMMISSION AND PERMREP SPOKESMEN, LAMBSDORFF CRITICIZED THE PRIOR

LICENSING ASPECTS OF THE SYSTEM AS PROTECTIONIST AND NOTED THAT THIS WAS THE FIRST TIME THE COMMUNITY HAD APPLIED SUCH A SCHEME OUTSIDE THE STEEL AND TEXTILE SECTORS, WHICH HE TERMED A DANGEROUS PRECEDENT. OUR SOURCES SAY EC COMMISSIONER DAVIGNON DEFENDED THE SYSTEM, INSISTING THAT, BECAUSE LICENSING IS AUTOMATIC AND AIMED ONLY AT STATISTICAL SUPERVISION OF IMPORT TRENDS, THERE WAS NO PROTECTIONISM INVOLVED. DAVIGNON ADDED THAT THE COMMISSION WOULD ACT QUICKLY TO COUNTER ANY MEMBER STATE DELAY OR REFUSAL TO ISSUE LICENSES. OBSERVING THAT THE CURRENT SYSTEM WILL BE IN FORCE ONLY THROUGH SEPTEMBER 30, DAVIGNON SAID THAT THE COMMISSION WOULD SHORTLY PROPOSE A MODIFIED SCHEME, WHICH WOULD PROVIDE STATISTICAL DATA

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PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00
ICA-11 SP-02 SOE-02 OMB-01 DOE-15 /147 W
-----009742 031930Z /46

P 031810Z MAY 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 6381
INFO ALL EC CAPITALS
AMEMBASSY MADRID
AMEMBASSY NEW DELHI
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OF THE SAME QUALITY BUT WOULD NOT BE BASED UPON PRIOR LICENSING. THE COUNCIL AGREED TO DISCUSS THIS NEW SYSTEM AT ITS JULY 25 MEETING. IT ALSO AGREED THAT, IN THE INTERIM, THE COMMUNITY SHOULD RETAIN THE CURRENT IMPORT SURVEILLANCE SYSTEM. HINTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, IMPORT CONTROLS, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE08618
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780189-0264
Format: TEL
From: BRUSSELS USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780599/aaaadgmt.tel
Line Count: 168
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 692db2a5-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 7793
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2809847
Secure: OPEN
Status: NATIVE
Subject: EC FOREIGN MINISTERS COUNCIL, MAY 2, 1978: FOOTWEAR IMPORTS
TAGS: ETRD, SP, KS, PL, IN, CZ, HK, EEC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/692db2a5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014